



**City of Saint Paul**

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**SAINT PAUL LONG-RANGE CAPITAL IMPROVEMENT BUDGET  
COMMITTEE MEETING**

**Monday, December 12, 2011 at 3:30 p.m.**

**Central Library Fourth Floor Conference Room**

Members Present:	Becca Hine, Deb Jessen, Melanie McMahon, Mark Miazga, Gene Olson, Paul Sawyer, Michael Steward, Darren Tobolt, Gary Unger, D'Ann Urbaniak Lesch, Avi Vishwanathan,
Members Excused:	Jason Barnett, Monica Bryand, Jacob Dorer, Diane Gerth, Dave Pinto, Pat Sellner
Members Absent:	Eric Mitchell
Visitors and City Staff Present:	Mayor's Office – Deputy Mayor Paul Williams, Nancy Homans City Council – Councilmember Melvin Carter III, Zandy Iverson PED – Cecile Bedor, Marie Franchett, Jenny Wolfe, Al Carlson Financial Services – Bob Geurs, Betsy Hammer, John McCarthy Parks – Jody Martinez Public Works – Paul Kurtz

**1. Convene**

Meeting convened at 3:38 pm.

**2. Approval of Agenda**

Mr. Olson moved approval, Ms. Jessen seconded. Committee voted all in favor.

**3. Approval of November 14, 2011 Meeting Minutes**

Mr. Olson moved approval, Ms. McMahon seconded. Committee voted all in favor.

**4. Chair's Comments**

Ms. Urbaniak Lesch did not have any comments.

**5. Action Items**

**Mayor's Office – Nancy Homans**

## **Planning and Economic Development – Cecile Bedor and Marie Franchett**

*RES PH 11-1210: Amending the 2010 Central Corridor Streetscape CIB budget and naming the Penfield Project as a Capital Improvement Project.*

Ms. Homans introduced the project and explained that during the planning for the Central Corridor Light Rail (CCLRT) project, the Metropolitan Council (the project sponsor) could afford to return everything in the streetscape to the way it was before – replacing trees, light poles, etc. The City Council approved a budget to do a number of additional improvements to make the area better than before CCLRT, including planting 1,000 trees, installing new pedestrian style street lamps, installing colored crosswalks and curbcuts, implementing a stormwater management plan, and adding plantings in the medians. Ms. Homans noted that some of these improvements can currently be seen on the western end of the corridor. She said the budget also included one of the three additional stations that were added to support the environmental justice concerns of the community.

Ms. Homans said the budget was based on the best estimates of costs at the time, but there have been some changes resulting in savings. These savings resulted from additional funding from the Metropolitan Council, additional financing from other sources, and lower than expected construction bids.

Ms. Homans said the proposal going to the City Council is to return most of the savings to the TIF [tax increment financing] pool from which much of the funding came in the first place, and the remainder be returned in reduced assessments to property owners. She noted that Council wanted an 80%-20% return on savings in the original plan.

Ms. Homans explained that the second part of the proposal is to use the portion returned to the TIF pool to support the Penfield project in downtown St. Paul. Committee discussed whether or not the two proposals could be considered separately.

Ms. Bedor explained that the Penfield project was originally planned as a high-end condo tower. She said the city has been working for years to have a project on that block, and has secured a lease with Lunds grocery store. Ms. Bedor said that the Capital River Council has also been working on this for a long time. She explained the project is 253 high end market rate housing units with underground parking and a Lunds grocery store, and is a block off the CCLRT. Ms. Bedor noted that the project will create construction jobs as well as permanent jobs at the Lunds. Ms. Bedor said the city is seeking a HUD-insured mortgage, and is using TIF money. She said the city considers it a CCLRT project due to its proximity to the line.

Ms. Hine moved approval, Ms. Jessen seconded.

Mr. Tobolt asked if the CIB committee directs TIF funds. He further asked why this needs to be a CIB project. He said the Committee has never talked about TIF previously and it seemed unusual.

Mr. McCarthy explained that the streetscape project was originally a CIB project, and one component of that plan was CIB bonds. He said that TIF was a big component of the project, but because it was originally a CIB project it falls under the CIB committee's purview and therefore it needs to be reviewed by the Committee. Mr. McCarthy said the Penfield project is technically an HRA project but it is owned by the City, so it needs to be a capital project.

Ms. Homans echoed this and said that once the CIB Committee has touched the money, it becomes a CIB project and must be reviewed by the Committee.

Ms. Bedor noted that the HRA is generally not a developer, with the exception of this project and the Lofts at the Farmers Market. She said the HRA prefers to be a funder, not a developer. Ms. Bedor said the city is trying to increase the number of residents downtown, which is important for a vibrant city. This project will help improve the market downtown to bring in people, to increase the tax base, and to go to bars and restaurants. She said retail follows people.

Mr. Tobolt asked if there were any affordable rate units. Ms. Bedor answered they are all market rate.

Mr. Vishwanathan asked for clarification that the city is the developer and there are no affordable housing units, while the money is coming from projects along CCLRT and University Avenue. Ms. Homans explained that the money originally came from TIF proceeds in a couple University districts as well as scattered site districts, and they are now releasing the money and proposing it be used for the Penfield project. Mr. Vishwanathan noted that the stops campaign recently received an award for equity, and the city is now talking about concentrating savings on an inequitable project.

Mr. Miazga asked what other projects could be funded with these savings if the resolution was voted down. Ms. Homans said that if the TIF funds are not used on this, they would presumably go into the pool for other projects. She did not think there are currently any projects. Ms. Bedor added that the CCLRT betterments project is still being completely funded with this proposal. She also noted that most of what the city does is affordable, like the Minnesota building, the Commerce building, the Renaissance Box, and the West Side Flats. She said there is a lot of interest in ensuring affordable housing on the corridor, and in downtown they want a mix of incomes to support business, because the city has done lots of affordable projects downtown.

Councilmember Carter introduced himself and explained he was representing himself and Councilmember Stark, who could not attend. He said that this plan means the city can still do the things approved in the plan, but there are things in the original plan that were not included in the budget. Councilmember Carter said that he and Councilmember Stark are interested in facade programs and affordable housing along the corridor.

Ms. Homans noted that the plan included median improvements and financing found for other projects that were trimmed by Council. She said it's also important to note that the CCLRT betterments package includes investments from the whole city due to the use of scattered sites TIF. She said the commitment might be disproportionate because of the importance in making early investments and in some ways the money needs to go back to the whole pot.

Deputy Mayor Williams introduced himself. He said the whole city has invested in CCLRT, which is the Mayor's top priority. He said that affordable housing projects along University are absolutely priorities and this proposal is not the end of trying to meet the broad range of needs along CCLRT, but this project in downtown is also critical. Deputy Mayor Williams said that the city has invested in affordable housing in downtown for years, and this is an opportunity to build the market. He noted that the Minneapolis downtown market is proven, but this hasn't been accomplished in St. Paul yet and this is way to do that in the market. Deputy Mayor Williams said he would encourage support from members of the Committee.

Mr. Vishwanathan said it's great that the city is talking about affordable housing along University, and this is money that could be used for it. He said we need to put equity at the forefront and if it's coming in from all over the city, the money needs to go to high need areas like University Ave. He said that's where he sees the need, and that's where he wants the funding to go.

Mr. Unger said that TIF money is meant to improve the properties set aside to generate TIF money, not to change a neighborhood demographically. He said that in order to get a good demographic mix to support a grocery store and things necessary here, the city needs to invest in things to start changing those demographics. He cited the example of Phalen Village. Mr. Unger said it needs to change so that it's developable and by investing this money, the city will start making a better neighborhood to support that.

Mr. Sawyer moved to divide the question to first consider the surplus, then the Penfield project. Mr. McCarthy explained that couldn't be done because it is one resolution, so the Committee had to make one recommendation. He noted that the Committee could make a policy recommendation.

Ms. Bedor said that the project is about redevelopment and reinvestment. She noted it's a full city block downtown that will probably sit there vacant for many years. She said there's a lot of investment on CCLRT and this is a block off the line, which will help spur private development. She said she thinks that this project, taking a dilapidated block and putting it back into use, will have a significant impact on downtown and bleed into neighborhoods.

Ms. Hine asked what percentage has to be affordable. She recalled that the Upper Landing development had rules about intermixing. Ms. Homans noted that she wrote the city's affordable housing policy, and explained that 30% of units have to be affordable, with varying gradations. She explained that it's on a citywide basis and a community basis and does not necessarily need to happen on every individual development project. Ms. Homans said the balance has been kept in the northwest quadrant (where the Penfield project is located) and the project is consistent with the city's policy with respect to affordable housing.

Mr. Miazga noted that the amount is about half of the budget in the last CIB cycle. He said the Committee spends so much time gathering task force input from communities, and it would be great to hear from the community. He said there's no reason to vote today, or they could let the Council override the CIB Committee's recommendation. He said his vote is no and he'd encourage others to vote no as well.

Mr. McCarthy explained that the TIF resources are housed in capital budgets, but the CIB Committee doesn't oversee TIF dollars and the resources isn't one that the CIB committee actually allocates out to projects.

Mr. Miazga said he felt as if the resolution was being rushed through the process. Ms. Bedor apologized for that, and asked the Committee to please know that the Council and community have been working on it for 5 years, and the HRA has taken previous action. She said the plan is to go to the HRA on December 21 for approval to go to HUD for the mortgage. Ms. Bedor said she would be happy to come back and provide updates on the project as it moves forward.

Ms. Hine said she agreed that downtown has been working on a grocery store for eight or more years, and the fact that Lunds is still here after the Penfield fell apart is good. She said

that TIF funds are very different and the intention of TIF districts is to disperse. She said she doesn't like having money come up like this.

Mr. Vishwanathan said the need is on University Avenue and that's where he wants the funding to go.

Ms. Jessen said that having a grocery store is not just for the Penfield, but the whole community. She said it's a social determinant of health to have access to fresh foods and it's important in many other ways. She said it's also good for surrounding neighborhoods.

Mr. Sawyer agreed that the grocery store in downtown is a good thing, but said he'd be a lot more comfortable if there were other projects in TIF districts that were able to compete for these funds. He said he was uncomfortable with not having any competition for funds.

Ms. Homans explained that the process doesn't work like the CIB process. She said that projects come in and they try to put together the financing. She said it's a different rhythm, and they have to look and find the resources. Ms. Homans clarified that the city has been looking to put the package together.

Mr. Sawyer asked if the city has solicited projects from TIF districts along University. Ms. Homans said that they are working on at least 3 projects related to affordable housing along University, at Hamline, Dale, and Western. She said these projects are being developed and are not ready to go. She said that when they are ready, they'll get the same kind of treatment.

Ms. Bedor added that St. Paul doesn't do an RFP process, for a portion of CDBG that goes through the CIB process. She said there's a pipeline for projects as they come in, and the city is good at matching certain flavors of financing. She said this is better and allows the city to be more nimble and flexible as dollars come along.

Mr. Tobolt asked if this amount is the full deal and would make the project shovel ready. Ms. Bedor said yes. She described the process as follows: the proposal will go to the HRA on December 21 and be submitted to HUD; the HRA originally got approval to do preliminary work, and have been invited to submit a firm proposal including bids. The project will go to the HRA for approval, and then go to HUD for approval. Construction will start in late summer or early fall. Mr. Tobolt asked if they could take down the old Penfield sign. Ms. Bedor confirmed.

Committee voted 7 in favor, 4 opposed.

### **Parks and Recreation – Jody Martinez**

Ms. Martinez introduced herself and noted that she had provided follow up from the November 14 meeting. The follow up materials are in the CIB meeting packet – Committee did not have any questions.

*RES PH 11-1188: Amending the revenue and spending budget for Payne-Maryland Development Stockholm Tree Planting Engineering Design reflecting a \$50,000 grant from the Capitol Region Watershed District.*

Ms. Martinez introduced the project. She said the Stockholm tree planting method is in a trial stage, and Parks is looking for new and innovative ways to deal with stormwater. She said they're working with the Capitol Region Watershed to incorporate this method, and if it does well and is cost effective, Parks can do it more. She said this is a good way to test the waters.

Mr. Olson moved approval, Mr. Sawyer seconded. Committee voted all in favor.

*RES PH 11-1189: Establishing a revenue and spending budget in the Parks and Recreation Department to conduct a study of stream for future restoration work at Swede Hollow Park using \$50,000 in Capitol Region Watershed District grant funding.*

Ms. Martinez explained that this grant involves improvements to Swede Hollow Park. She said the city has been working on it for 30 years and still hasn't gotten the stream part right. Sediment is clogging up the system and resulting in murky, dirty water at the end.

Mr. Olson moved approval, Mr. Sawyer seconded.

Ms. Hine asked if this is the same as the project proposed during the 2012-13 CIB cycle. Ms. Martinez explained that it's doing a study and is unique. She noted that it's good to be working together with the Capital Region Watershed.

Committee voted all in favor.

*RES PH 11-1204: City Council approval to purchase property at 1200/02 Jackson Street, request reimbursement grant funds from Metropolitan Council Park Acquisition Opportunity Fund, and enter into reimbursement agreement if funds are granted.*

Ms. Martinez explained that the city has received a signed purchase agreement and the owner of the lot wants to sell, and the city wants to buy. She said the space will be used to create a beautiful trailhead to get people into future Trillium Park, right off Maryland in a very visible location. She said the trailhead would include nice signage, probably restrooms and parking. She noted that the park is under planning now.

Ms. McMahon moved approval, Mr. Olson seconded.

Ms. Urbaniak Lesch asked if this property is right off the freeway. Ms. Martinez confirmed that it's to the west on Maryland and Jackson. Mr. Unger said this is an improvement over what used to be there. Ms. Martinez agreed.

Ms. Martinez explained that 25% of the total cost will come from CIB, and the remaining 75% will come from the Metropolitan Parks Acquisition Fund. She said it's a good deal. Mr. Steward asked if the funding is guaranteed. Ms. Martinez said Parks won't go forward unless the external funding comes through. She said Metro Parks wants to see the Council resolution first and then go through the process, but she couldn't think of any reason that it wouldn't go be awarded. Mr. Steward asked if Parks was only here because they want a Council resolution. Ms. Martinez explained that Parks is going for this grant and it's a CIB project, so that's why Parks brought it to the Committee. Ms. Martinez and Mr. McCarthy discussed the technicalities.

Committee voted all in favor.

### **Public Works – Paul Kurtz**

*RES PH 11-1208: Amending the financing and spending plans for the 2006, 2008, 2009, 2010 and 2011 Residential Street Vitality Programs to correctly reflect sewer, stormwater, water main and MSA and assessment work.*

Mr. Kurtz introduced himself and the resolution. He explained it's the standard annual RSVP clean up resolution. Mr. Kurtz reminded Committee members that the process is to get construction projects awarded (typically 3-4 a year). Once projects are awarded Public Works has to put in sewer, water, MSA and assessment financing. He explained that this resolution identifies all these sources and gets it into the RSVP program to get it cleaned up.

Mr. Olson moved approval, Mr. Unger seconded.

Mr. Steward asked for a breakdown and some clarification. Mr. Kurtz explained that the resolution is really only the 2011 RSVP program, and the other years referenced relate to financing sources coming in from other projects and programs like 2006 and 2008 from sewer, 2009 from stormwater quality, MSA from Kansas.

Committee voted all in favor.

## **6. Capital Maintenance Update**

Ms. Urbaniak Lesch said the committee has been working hard and asked for an update.

Ms. Jessen said the committee has agreed to funding about \$2.7 million of capital maintenance. She explained it still needs to be distributed between the two years so it won't be ready to share until the next meeting. She estimated that the total requests were about \$6 million.

Mr. McCarthy added that next month the Committee will discuss and take action on a formal resolution to allocate funding to departments with a complete breakdown.

Mr. Unger asked if the city is falling behind again on maintenance. He said he thought the Committee tried to catch up once on capital maintenance and wondered if the Committee should look at it again.

Mr. McCarthy said there is always more demand than available funding. Ms. Jessen asked where it might come from, and Mr. Unger said the last time it was taken out of CIB. He said maintenance doesn't go away and it has to be done sooner or later. Ms. Jessen said that none of the unfunded projects posed serious problems – nothing's going to fall down. Mr. Miazga noted that there were several questions about maintenance status, etc. The Committee discussed the police annex capital maintenance project from the last cycle. Mr. McCarthy noted that department budgets are squeezed everywhere, so it's a challenge. Ms. Hine asked if the committee factored those things into decisions. Committee members replied yes. Mr. McCarthy noted that the full CIB Committee received the full proposal packets and is free to read proposals.

## **7. Committee Officer Nominations**

Ms. Urbaniak Lesch said nominations are open for chair and vice chair for next year. She explained that nominations would be taken today and voting would happen at the next meeting in January. She said nominations can also be taken over email.

Ms. Hine nominated Ms. Urbaniak Lesch for chair. Ms. Urbaniak Lesch thanked her and declined. She noted she has served as chair for two years and is happy to share the joys of

chairpersonship. She said she emailed Ms. Gerth to ask about running for chair. Mr. McCarthy noted that Ms. Gerth is absent due to jury duty.

Ms. Hine nominated Ms. Gerth for chair. Ms. Urbaniak Lesch noted that she can decline, and the Committee can have more than one nominee. Mr. Tobolt seconded the nomination of Ms. Gerth for chair.

Mr. Vishwanathan said he wanted to nominate Ms. Hine. Ms. Hine declined.

Ms. Urbaniak Lesch invited Committee members to think about it, and Mr. McCarthy said that Members could email him. Mr. Olson reminded members that nominations are still open at the next meeting. Ms. Urbaniak Lesch said that in previous years, nominees have done minispeeches.

Committee discussed who has previously served as chair or vice chair.

Ms. Urbaniak Lesch reminded committee members that additional nominations could be taken over email or at the next meeting. She invited members to consider thinking about it or pressuring others.

Mr. McCarthy agreed to send a reminder email. He confirmed that Ms. Gerth has been nominated and she can decline.

Ms. McMahon asked what is involved and the Committee discussed the role of the vice chair as backup to the chair.

Ms. Jessen nominated Ms. McMahon for vice chair, Ms. Hine seconded the nomination. Ms. McMahon accepted the nomination.

## **8. Adjourn**

Ms. McMahon moved to adjourn, Mr. Olson seconded. Committee voted all in favor.

### **Staff:**

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